

**Housing Authority of the City
of Jennings
Jennings, Louisiana**

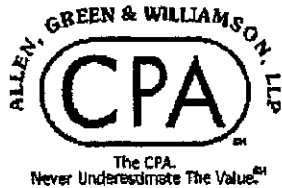
**Annual Financial Report
As of and for the Year Ended March 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/20/10

**Housing Authority of the City of Jennings
Table of Contents**

	<u>Statement</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1-2
REQUIRED SUPPLEMENTAL INFORMATION.....		3
Management's Discussion and Analysis (MD&A).....		4-10
BASIC FINANCIAL STATEMENTS		
ENTERPRISE FUND		
Balance Sheet	A	11-12
Statement of Revenues, Expenses, and Changes in Net Assets	B	13
Statement of Cash Flows	C	14-15
Notes to the Basic Financial Statements		
Index		16
Notes		17-23
SUPPLEMENTAL INFORMATION		
Actual Modernization Cost Certificate		24
Financial Data Schedule.....		25-29
Schedule of Compensation Paid Board Members.....		30
OTHER REPORTS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u> AND BY <u>OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133</u>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		31-32
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		33-34
Schedule of Expenditures of Federal Awards		35
Notes to the Schedule of Expenditures of Federal Awards		36
Schedule of Findings and Questioned Costs		37-39
OTHER INFORMATION		40
Summary Schedule of Prior Year Audit Finding		41
Corrective Action Plan for Current Year Audit Findings.....		42-43
Status of Prior Year Management Letter Item		44



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205

www.allengreencpa.com

Tim Green, CPA
Margie Williamson, CPA
Amy Tynes, CPA

Aimee Buchanan, CPA
Rachel Davis, CPA
Diane Ferschoff, CPA
Joshua Legg, CPA
Brien McBride, CPA
Jannicia Mercer, CPA
Cindy Thomason, CPA

Bruce L. Allen, CPA
(Retired) 1963 - 2000

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Jennings
Jennings, Louisiana

We have audited the accompanying financial statements of the Housing Authority of the City of Jennings, Jennings, Louisiana, as of and for the year ended March 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of March 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2010, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information listed in the table of contents, which includes the Financial Data Schedule required by U.S. Department of Housing and Urban Development, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Also, the schedule of expenditures of federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 30, 2010

Housing Authority of the City of Jennings

REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2010

**Housing Authority of the City of Jennings
Management's Discussion and Analysis (MD&A)
March 31, 2010**

The management of Public Housing Authority of Jennings, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending March 31, 2010. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's included audited financial statements.

FINANCIAL HIGHLIGHTS

- ☐ The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- ☐ The Housing Authority's assets exceeded its liabilities by \$3,305,742 at the close of the fiscal year ended 2010.
 - ☐ Of this amount \$2,677,348 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ☐ The remainder of \$628,394 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 57% of the total operating expenses of \$1,108,832 for the fiscal year 2010, which means the Authority might be able to operate about 7 months using the unrestricted assets alone, which compares to the prior fiscal year.
- ☐ The Housing Authority's total net assets increased by \$311,984, a 10% change from the prior fiscal year 2009. This increase is attributable to significant increases in Federal grants for both operations and capital improvements, described in more detail below.
- ☐ The Authority spent \$49,895 on capital asset additions and \$511,729 on construction in progress during the current fiscal year.
- ☐ These changes led to an increase in total assets by \$351,038 and an increase in total liabilities by \$39,054. As related measure of financial health, there are still over \$5.04 of current assets covering each dollar of total current and long-term liabilities, which compares slightly less favorably with \$5.92 covering the prior fiscal year's liabilities.
- ☐ The Housing Authority continues to operate without the need for debt borrowing.

**Housing Authority of the City of Jennings
Management's Discussion and Analysis (MD&A)
March 31, 2010**

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2010?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

Low Rent Public Housing
Public Housing Capital Fund Program (Regular and ARRA)
Resident Opportunity & Supportive Services

Housing Authority of the City of Jennings
Management's Discussion and Analysis (MD&A)
March 31, 2010

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$3,305,742 as of March 31, 2010. Of this amount, \$2,677,348 was invested in capital assets, and the remaining \$628,394 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet
(Excluding Interfund Transfers)
As of March 31

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets	\$ 783,708	\$ 688,778
Capital assets, net of depreciation	2,677,348	2,421,240
Total assets	<u>3,461,056</u>	<u>3,110,018</u>
LIABILITIES		
Current liabilities	92,297	96,500
Non-current liabilities	63,017	19,760
Total liabilities	<u>155,314</u>	<u>116,260</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,677,348	2,421,240
Unrestricted net assets	628,394	572,518
Total net assets	<u>3,305,742</u>	<u>2,993,758</u>
Total liabilities and net assets	<u>\$ 3,461,056</u>	<u>\$ 3,110,018</u>

**Housing Authority of the City of Jennings
Management's Discussion and Analysis (MD&A)
March 31, 2010**

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds increased by \$311,984, or by 10%, from those of fiscal year 2009, as explained below. In the narrative that follows, the detail factors causing this change are discussed:

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets
(Excluding Interfund Transfers)
Fiscal Year Ended March 31**

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Tenant rental revenue	\$ 382,292	\$ 382,100
Governmental operating grants	397,771	318,567
Other revenue	90,218	11,970
Total operating revenues	<u>870,281</u>	<u>712,637</u>
OPERATING EXPENSES		
Administration	247,572	240,166
Tenant services	114,958	55,653
Utilities	26,374	28,343
Maintenance and repairs	247,809	252,303
General	166,603	91,449
Depreciation	305,516	292,037
Total operating expenses	<u>1,108,832</u>	<u>959,951</u>
(Losses) from operations	<u>(238,551)</u>	<u>(247,314)</u>
NON-OPERATING REVENUES AND EXPENSES		
Interest income	7,600	10,738
Gain (loss) on sale of fixed asset	5,651	1,150
Total Non-Operating Revenues	<u>13,251</u>	<u>11,888</u>
(Losses) after Non-Operating Revenues	<u>(225,300)</u>	<u>(235,426)</u>
CHANGE IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS		
Capital Contributions	<u>537,284</u>	<u>278,489</u>
NET INCREASES IN NET ASSETS	<u>311,984</u>	<u>43,063</u>
NET ASSETS, beginning of year	<u>2,993,758</u>	<u>2,950,695</u>
NET ASSETS, end of fiscal year	<u><u>\$ 3,305,742</u></u>	<u><u>\$ 2,993,758</u></u>

**Housing Authority of the City of Jennings
Management's Discussion and Analysis (MD&A)
March 31, 2010**

EXPLANATIONS OF FINANCIAL ANALYSIS

Compared with the prior fiscal year, total operating, non-operating revenues, and capital contributions increased \$417,802, or by 42%, from a combination of larger offsetting factors. Reasons for most of this change are listed below in order of impact from greatest to least:

- ☐ Total other revenue increased by \$78,248 from that of the prior fiscal year, because the Authority received proceeds from casualty insurance claims, which are recorded as other income by the Authority in the year received. Also, the Authority received some waivers of payments in lieu of taxes (PILOT) from its related City taxing authority.
- ☐ Federal capital contributions from HUD increased by \$258,795 from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for fiscal year 2009, and received ARRA formula and competitive grants in 2010.
- ☐ Total tenant revenue increased by \$192 from that of the prior fiscal year, even though occupancy rates decreased by 2%, because the amount of rent each tenant pays is based on a sliding scale of their personal income.
- ☐ Federal operating revenues from HUD increased by \$79,204, or by 25% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was a decrease in the number of eligible tenants receiving subsidies, so Housing Assistance Grants decreased accordingly, lowering the overall total.
- ☐ Interest income decreased by \$3,137, or by 29% from that of the prior fiscal year, because the Authority spent available cash mostly on capital assets instead of temporary investments.

Compared with the prior fiscal year, total operating and non-operating expenses increased \$148,881, or by 16%, but this also was made up of a combination of offsetting factors. Again, reasons for most of this change are listed below in order of impact from greatest to least:

- ☐ Administrative Expenses increased by \$7,406, or by 3% from that of the prior fiscal year, due to a combination of offsetting factors: Administrative staff salaries increased by \$6,247, or by 5% and related employee benefit contributions increased by \$4,778, or by 9%; therefore, total staff salaries and benefit costs increased by 6%. In addition, audit fees increased by \$3,750, or by 44%, but accounting fees decreased by \$4,409, or by 56%; thus, total outside professional fees decreased by 4%. Finally, staff travels reimbursements decreased by \$4,432, or by 56%, but sundry and other administrative expenses increased by \$5,969.
- ☐ Tenant Services increased by \$59,305 from that of the prior fiscal year, due to a combination of factors: increase in staff salaries and related employee benefit contributions by \$25,119. In addition, other tenant services increased by \$34,186.

Housing Authority of the City of Jennings
Management's Discussion and Analysis (MD&A)
March 31, 2010

- ☐ Utilities Expense decreased by \$1,969 or by 7% from that of the prior fiscal year, primarily because electricity cost decreased.
- ☐ Maintenance and repairs decreased by \$4,494, or by 2% from that of the prior fiscal year, due to several major offsetting factors: Repair staff wages increased by \$12,889, or by 18%, and related employee benefit contributions increased by \$6,012, or by 19%. On the other hand, materials used decreased by \$22,143, or by 27%, and contract labor costs decreased by \$1,252, or by 2%.
- ☐ General Expenses increased by \$75,154, or by 82% from that of the prior fiscal year, primarily because payments in lieu of taxes (PILOT) increased by \$26,834. PILOT is calculated as a percentage of rent (which increased by 3%) minus utilities (which decreased 7%), and therefore changed proportionately to the changes in each of these. In addition, insurance premiums increased by \$2,470, since there was an increase in premium costs from severe prior year casualties. Also, other general expenses increased by \$5,512. Finally, uncollectible rents from vacated units increased by \$1,236, because these changed roughly proportional to rent.
- ☐ Depreciation expense increased by \$13,479 from that of the prior fiscal year, due partly to an increase in depreciable capital assets by \$250,061.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2010, the Housing Authority had a total cost of \$8,839,225 invested in a broad range of assets and construction in progress from projects funded in 2008 through 2009, listed below. This amount, not including depreciation, represents increases of \$527,042 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

Capital Assets, Net of Accumulated Depreciation As of March 31

	<u>2010</u>	<u>2009</u>
Land	\$ 130,578	\$ 130,578
Construction in progress	334,351	57,370
Buildings and improvements	2,162,155	2,204,622
Furniture and equipment	50,264	28,670
Total	<u>\$ 2,677,348</u>	<u>\$ 2,421,240</u>

As of the end of the 2010 fiscal year, the Housing Authority had a total of \$599,649 signed construction contracts that were still in progress. A total of \$378,861 was still remaining to be completed.

**Housing Authority of the City of Jennings
Management's Discussion and Analysis (MD&A)
March 31, 2010**

Debt

The Housing Authority has not incurred any mortgages, leases, or bond indentures for financing capital assets or operations. However, the Housing Authority has had an increase in compensated absences due to change in Louisiana Law regarding unclassified employees.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2011 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact David Fontenot, at Public Housing Authority of Jennings, Louisiana; P.O. Box 921; Jennings, LA 70546.

HOUSING AUTHORITY OF THE CITY OF JENNINGS

ENTERPRISE FUND

Balance Sheet

March 31, 2010

Statement A

ASSETS

Current Assets

Cash and cash equivalents	\$ 226,474
Investments	471,509
Accounts receivable (net of allowance for doubtful accounts of -0-)	51,219
Prepaid items and other assets	4,864
Inventory	3,335

Restricted Assets

Tenant deposits	<u>26,307</u>
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Total Current Assets	<u>783,708</u>
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Capital Assets

Land, buildings, and equipment (net)	<u>2,677,348</u>
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TOTAL ASSETS	<u>\$ 3,461,056</u>
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(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF JENNINGS

**ENTERPRISE FUND
Balance Sheet
March 31, 2010**

Statement A

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 47,233
Compensated absences payable	9,558
Intergovernmental payable	8,927
Deferred credits and other liabilities	272

Current Liabilities Payable From Current Restricted Assets

Deposits due others	<u>26,307</u>
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Total Current Liabilities	92,297
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Noncurrent Liabilities

Compensated absences payable	<u>63,017</u>
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Total Liabilities	<u>155,314</u>
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NET ASSETS

Invested in capital assets, net of related debt	2,677,348
Unrestricted	<u>628,394</u>

NET ASSETS	<u>3,305,742</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,461,056</u>
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(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF JENNINGS

**ENTERPRISE FUND
Statement of Revenues, Expenses,
and Changes in Net Assets
For the Year Ended March 31, 2010**

	Statement B
OPERATING REVENUES	
Dwelling rental	\$ 382,292
Governmental operating grants	397,771
Other	<u>90,218</u>
Total operating revenues	<u>870,281</u>
OPERATING EXPENSES	
Administration	247,572
Tenant services	114,958
Utilities	26,374
Ordinary maintenance & operations	247,809
General expenses	166,603
Depreciation	<u>305,516</u>
Total operating expenses	<u>1,108,832</u>
Operating Income (loss)	<u>(238,551)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	7,600
Gain (loss) on sale of fixed assets	<u>5,651</u>
Total nonoperating revenues (expenses)	<u>13,251</u>
Capital contributions	<u>537,284</u>
Change in Net Assets	311,984
NET ASSETS AT BEGINNING OF YEAR	<u>2,993,758</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 3,305,742</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF JENNINGS

**ENTERPRISE FUND
Statement of Cash Flows
For the Year Ended March 31, 2010**

	Statement C
	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Rental receipts	\$ 381,954
Other receipts	88,835
Federal grants	390,201
Payments to vendors	(560,343)
Payments to employees	<u>(201,341)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>99,306</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Sale of fixed assets	5,651
Capital contributions	537,284
Purchase fixed assets	<u>(561,624)</u>
 NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(18,689)</u>
 CASH FLOW FROM INVESTING ACTIVITIES:	
Interest and dividends	7,600
Purchase investments	<u>(96,074)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>(88,474)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (7,857)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>260,638</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u><u>\$ 252,781</u></u>
 RECONCILIATION TO BALANCE SHEET	
Cash and cash equivalents	226,474
Tenant deposits	<u>26,307</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u><u>\$ 252,781</u></u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF JENNINGS

**ENTERPRISE FUND
Statement of Cash Flows
For the Year Ended March 31, 2010**

Statement C

**RECONCILIATION OF OPERATING INCOME
(LOSS) TO NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES**

TOTAL

Operating income (loss)	\$ (238,551)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	305,516
Change in assets and liabilities:	
(Increase) decrease receivables, net	(6,869)
(Increase) decrease prepaid items	(5)
(Increase) decrease inventories	161
Increase (decrease) accounts payable	(1,953)
Increase (decrease) compensated absences	43,377
Increase (decrease) due to other governments	52
Increase (decrease) deferred credits	(339)
Increase (decrease) deposits due others	(2,083)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 99,306</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the City of Jennings

INDEX

	<u>Page</u>
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....	17
A. BASIS OF PRESENTATION	17
B. REPORTING ENTITY	17
C. FUNDS	18
D. BUDGETS.....	18
General Budget Policies.....	18
E. CASH AND CASH EQUIVALENTS	18
F. INVESTMENTS	19
G. INVENTORY AND PREPAID ITEMS.....	19
H. CAPITAL ASSETS.....	19
I. COMPENSATED ABSENCES	19
J. FUND EQUITY	20
K. DEFERRED REVENUES.....	20
L. USE OF ESTIMATES.....	20
NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS	20
NOTE 3 - RECEIVABLES	21
NOTE 4 - CAPITAL ASSETS.....	21
NOTE 5 - RETIREMENT SYSTEM	21
NOTE 6 - ACCOUNTS PAYABLE	22
NOTE 7 - INTERGOVERNMENTAL PAYABLE.....	22
NOTE 8 - COMPENSATED ABSENCES	22
NOTE 9 - COMMITMENTS AND CONTINGENCIES.....	23
NOTE 10 - RISK MANAGEMENT	23
NOTE 11 - ECONOMIC DEPENDENCY	23
NOTE 12 - INSURANCE PROCEEDS	23

Housing Authority of the City of Jennings
Notes to the Basic Financial Statements
March 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying basic financial statements of the Housing Authority of the City of Jennings have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. BASIS OF PRESENTATION Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city declaring a need for the Housing Authority to function in such city. The Housing Authority is governed by a five-member Board of Commissioners. The members, appointed by the Honorable Mayor of the City of Jennings, serve a staggered term of four years.

Under the United States Housing Act of 1937, as amended, the U. S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-rent housing programs in the United States. Accordingly, HUD has entered into an annual contributions contract with the Housing Authority for the purpose of assisting the Housing Authority in financing the acquisition, construction and leasing of housing units and to make annual contributions (subsidies) to the Housing Authority for the purpose of maintaining this low-rent character.

The Housing Authority had 166 units in management at projects LA 118-1/2.

<u>Program</u>	<u>Contract Number</u>	<u>Number of Units</u>
PHA Owned Housing	FW -2028	166

B. REPORTING ENTITY GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separate and fiscally independent, the Housing Authority is a separate governmental reporting entity.

The Housing Authority is a related organization of the City of Jennings since the City of Jennings appoints a voting majority of the Housing Authority's governing board. The City of Jennings is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the City of Jennings. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the City of Jennings.

The Housing Authority includes all funds, activities, et cetera, that are within the oversight responsibility of the Housing Authority.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the housing authorities, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

Housing Authority of the City of Jennings
Notes to the Basic Financial Statements
March 31, 2010

C. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Housing Authority are classified as proprietary. Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and providing goods in connection with a proprietary funds' principal ongoing operations. The principal operating revenues of the Housing Authority's funds are rent, maintenance charges to residents and operating subsidy. Operating expenses for proprietary funds include the administrative costs of providing the service. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Housing Authority first applies restricted resources when an expense is incurred for which restricted or unrestricted resources could be used.

D. BUDGETS

General Budget Policies The following summarizes the budget activities of the Housing Authority during the year ended March 31, 2010:

The Housing Authority adopted budgets for all HUD-funded programs. The budget is controlled by fund at the function level. All appropriations lapse at year end.

The Executive Director is authorized to transfer amounts between line items within any fund, with the exception of salaries, provided such does not change the total of any function.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at the lower of market or cost.

Housing Authority of the City of Jennings
Notes to the Basic Financial Statements
March 31, 2010

F. INVESTMENTS Investments are limited by R.S. 33:2955 and the Housing Authority's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at quoted market prices except for the following which are required/permitted as per GASB Statement No. 31:

Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

The Housing Authority reported at amortized cost money market investments *participating* interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

G. INVENTORY AND PREPAID ITEMS All inventory items are valued at cost using first-in, first-out method. Inventory is recorded using the purchase method. At year end the amount of inventory is recorded for external financial reporting. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses consist of prepaid insurance.

H. CAPITAL ASSETS Capital assets, valued at \$500 or above except for ranges and refrigerators, are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Site improvements	15 years
Buildings	33 years
Building improvements	15 years
Furniture and fixtures	5 to 7 years
Computers	3 years

I. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Louisiana House Bill No. 54, effective June 2008, allowed Housing Authorities to enter into an employment contract with the Executive Director to set the compensation of the Executive Director and other such terms. The Housing Authority of the City of Jennings signed an employment contract with the Executive Director in July 2009 which allows the Director's annual

Housing Authority of the City of Jennings
Notes to the Basic Financial Statements
March 31, 2010

leave payment upon retirement to not be limited to the three hundred hour requirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

J. FUND EQUITY Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

K. DEFERRED REVENUES The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

L. USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS At March 31, 2010, the Housing Authority has cash, cash equivalents, and investments as follows:

Cash on hand	\$ 100
Interest-bearing demand deposits	340,895
Time deposits	383,295
Total	<u>\$ 724,290</u>
 Cash and cash equivalents	 \$ 226,474
Cash and cash equivalents - restricted	26,307
Investments	471,509
Total	<u>\$ 724,290</u>

Interest Rate Risk: The Housing Authority's policy does not address interest rate risk.

Credit Rate Risk: The Housing Authority's investments are in Certificates of Deposits, which do not have credit ratings; however, the Housing Authority's policy does not address credit rate risk.

Custodial Credit Risk: At March 31, 2010, the Housing Authority's carrying amount of deposits was \$724,290 and the bank balance was \$725,001, which includes \$383,295 in certificates of deposits classified as investments. Of the bank balance, \$472,268 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name.

Housing Authority of the City of Jennings
Notes to the Basic Financial Statements
March 31, 2010

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand. Investments during the year were solely in time deposits at banks.

NOTE 3 - RECEIVABLES The receivables at March 31, 2010, are as follows:

<u>Class of Receivables</u>	
Interest	\$ 1,800
Other (HUD)	<u>49,419</u>
Total	<u>\$ 51,219</u>

No allowance for doubtful accounts was established because the Housing Authority expects to collect these balances in full.

NOTE 4 - CAPITAL ASSETS The changes in capital assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land and buildings	\$ 130,578	\$ -	\$ -	\$ 130,578
Construction in progress	<u>57,370</u>	<u>511,729</u>	<u>234,748</u>	<u>334,351</u>
Total	187,948	511,729	234,748	464,929
Depreciable assets:				
Buildings & site improvements	7,877,413	243,162	-	8,120,575
Furniture and equipment	<u>246,822</u>	<u>41,481</u>	<u>34,582</u>	<u>253,721</u>
Total	8,124,235	284,643	34,582	8,374,296
Less: accumulated depreciation				
Buildings & site improvements	5,672,791	285,629	-	5,958,420
Furniture and equipment	<u>218,152</u>	<u>19,887</u>	<u>34,582</u>	<u>203,457</u>
Total	5,890,943	305,516	34,582	6,161,877
Capital assets, net	<u>\$ 2,421,240</u>	<u>\$ 490,856</u>	<u>\$ 234,748</u>	<u>\$ 2,677,348</u>

NOTE 5 - RETIREMENT SYSTEM The Housing Authority participates in the Housing Renewal and Local Agency Retirement Plan which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Housing Authority provides pension benefits for all of its full-time employees. All full-time employees are eligible to participate in the plan 90 days from the first date of employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each participant in the plan is required to make a monthly contribution equal to 5.5% of his effective

Housing Authority of the City of Jennings
Notes to the Basic Financial Statements
March 31, 2010

compensation, and may make additional contributions up to 10% of *his* effective compensation. The employer is required to make monthly contributions equal to 7.5% of each participant's effective compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account is fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority has the right to establish or amend retirement plan provisions. The Housing Authority's Joinder Agreement with the Housing Renewal and Local Agency Retirement Plan may be amended or modified by Board Resolution. Amendment of the Joinder Agreement is limited to provisions affecting plan specifications.

The Housing Authority's total payroll for year ended March 31, 2010, was \$280,746. The Housing Authority's contributions were calculated using the base salary amount of \$280,028. The Housing Authority made the required contributions of \$43,926 for the year ended March 31, 2010, of which \$21,602 was paid by the Housing Authority and \$22,924 was paid by employees. No payments were made out of the forfeiture account.

NOTE 6 - ACCOUNTS PAYABLE The accounts payable at March 31, 2010, is as follows:

<u>Class of Payables</u>	
Vendor	\$ 23,160
Retainage	24,073
Total	<u>\$ 47,233</u>

NOTE 7 - INTERGOVERNMENTAL PAYABLE The intergovernmental payable at March 31, 2010, is as follows:

Payment in Lieu of Taxes	\$8,927
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NOTE 8 - COMPENSATED ABSENCES At March 31, 2010, employees of the Housing Authority have accumulated and vested \$72,575 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. These amounts are recorded as liabilities in the funds from which payment will be made. Following is a summary of the compensated absence transactions for the year:

Balance at beginning of year	\$ 29,198
Additions	58,642
Deductions	15,265
Balance at end of year	<u>\$ 72,575</u>
Due within one year	<u>\$ 9,558</u>

Housing Authority of the City of Jennings
Notes to the Basic Financial Statements
March 31, 2010

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Litigation The Housing Authority is not presently involved in litigation.

Construction Projects There are certain major construction projects in progress at March 31, 2010. These include modernizing rental units. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

At the end of the 2010 fiscal year, the Housing Authority was in the process of completing construction contracts of \$334,349 obtained with 2009 ARRA Formula Based Capital Funds, in which a total of \$13,561 remains to be spent on these projects. The Housing Authority also had construction contracts of \$265,300 obtained with 2009 Capital Funds, in which the full amount remains outstanding at fiscal year ended March 31, 2010.

During the fiscal year, the Housing Authority was awarded \$498,000 in competitive capital funds of the American Recovery and Reinvestment Act monies; however, the Housing Authority did not have a signed construction contract at March 31, 2010 year end.

Grant Disallowances The Housing Authority participates in a number of federally assisted grant programs. Although the grant programs have been audited in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133 through March 31, 2010, these programs are still subject to compliance audits. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 10 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance.

NOTE 11 - ECONOMIC DEPENDENCY Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$935,055 to the Housing Authority, which represents approximately 60% of the Housing Authority's total revenue for the year.

NOTE 12 - INSURANCE PROCEEDS In fiscal year end March 31, 2010, the Housing Authority received \$39,297 for insurance proceeds for damage to a public housing unit, which is classified as other income in the statement of revenues, expenses, and changes in net assets.

Housing Authority of the City of Jennings

**ACTUAL CAPITAL FUND
COST CERTIFICATE
March 31, 2010**

1. The actual Capital Fund costs are as follows:

	PROJECT
	<u>LA48P118501-08</u>
Funds Approved	\$ 274,599
Funds Expended	<u>274,599</u>
Excess of Funds Approved	<u>\$ -</u>
Funds Advanced	\$ 274,599
Funds Expended	<u>274,599</u>
Excess of Funds Advanced	<u>\$ -</u>

2. The distribution of costs by project as shown on the final schedule of Capital Fund expenditures dated September 30, 2009, accompanying the actual Capital Fund cost certificate submitted to HUD for approval is in agreement with the Housing Authority's records.
3. All Capital Fund costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF JENNINGS
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2010

LA 118 Audited/A-133

	Project Total	14.870 Resident Opportunity and Supportive Services	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
111 Cash - Unrestricted	\$226,474	\$0	\$0	\$226,474	\$226,474
112 Cash - Restricted - Modernization and Development	\$0	\$0	\$0	\$0	\$0
113 Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0
114 Cash - Tenant Security Deposits	\$26,307	\$0	\$0	\$26,307	\$26,307
115 Cash - Restricted for Payment of Current Liabilities	\$0	\$0	\$0	\$0	\$0
100 Total Cash	\$252,781	\$0	\$0	\$252,781	\$252,781
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$0	\$0
122 Accounts Receivable - HUD Other Projects	\$11,175	\$3,373	\$34,871	\$49,419	\$49,419
124 Accounts Receivable - Other Government	\$0	\$0	\$0	\$0	\$0
126 Accounts Receivable - Tenants	\$0	\$0	\$0	\$0	\$0
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
129 Accrued Interest Receivable	\$1,800	\$0	\$0	\$1,800	\$1,800
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$12,975	\$3,373	\$34,871	\$51,219	\$51,219
131 Investments - Unrestricted	\$471,509	\$0	\$0	\$471,509	\$471,509
132 Investments - Restricted	\$0	\$0	\$0	\$0	\$0
142 Prepaid Expenses and Other Assets	\$4,864	\$0	\$0	\$4,864	\$4,864
143 Inventories	\$3,335	\$0	\$0	\$3,335	\$3,335
143.1 Allowance for Obsolete Inventories	\$0	\$0	\$0	\$0	\$0
144 Inter Program Due From	\$3,373	\$0	\$0	\$3,373	\$3,373
150 Total Current Assets	\$748,837	\$3,373	\$34,871	\$787,081	\$787,081
161 Land	\$130,578	\$0	\$0	\$130,578	\$130,578
162 Buildings	\$7,653,069	\$0	\$0	\$7,653,069	\$7,653,069
163 Furniture, Equipment & Machinery - Dwellings	\$89,240	\$0	\$0	\$89,240	\$89,240
164 Furniture, Equipment & Machinery - Administration	\$160,795	\$3,686	\$0	\$164,481	\$164,481
165 Leasehold Improvements	\$467,506	\$0	\$0	\$467,506	\$467,506
166 Accumulated Depreciation	-\$6,160,683	-\$1,194	\$0	-\$6,161,877	-\$6,161,877
167 Construction in Progress	\$334,351	\$0	\$0	\$334,351	\$334,351
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,674,856	\$2,492	\$0	\$2,677,348	\$2,677,348
180 Total Non-Current Assets	\$2,674,856	\$2,492	\$0	\$2,677,348	\$2,677,348
190 Total Assets	\$3,423,693	\$5,865	\$34,871	\$3,464,429	\$3,464,429

HOUSING AUTHORITY OF THE CITY OF JENNINGS
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2010

LA 118 Audited/A-133

	Project Total	14.870 Resident Opportunity and Supportive Services	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
311 Bank Overdraft	\$0	\$0	\$0	\$0	\$0
312 Accounts Payable <= 90 Days	\$12,362	\$0	\$34,871	\$47,233	\$47,233
313 Accounts Payable >90 Days Past Due	\$0	\$0	\$0	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$0	\$0
322 Accrued Compensated Absences - Current Portion	\$9,558	\$0	\$0	\$9,558	\$9,558
333 Accounts Payable - Other Government	\$8,927	\$0	\$0	\$8,927	\$8,927
341 Tenant Security Deposits	\$26,307	\$0	\$0	\$26,307	\$26,307
342 Deferred Revenues	\$272	\$0	\$0	\$272	\$272
345 Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
346 Accrued Liabilities - Other	\$0	\$0	\$0	\$0	\$0
347 Inter Program - Due To	\$0	\$3,373	\$0	\$3,373	\$3,373
310 Total Current Liabilities	\$57,426	\$3,373	\$34,871	\$95,670	\$95,670
353 Non-current Liabilities - Other	\$0	\$0	\$0	\$0	\$0
354 Accrued Compensated Absences - Non Current	\$63,017	\$0	\$0	\$63,017	\$63,017
357 Accrued Pension and OPEB Liabilities	\$0	\$0	\$0	\$0	\$0
350 Total Non-Current Liabilities	\$63,017	\$0	\$0	\$63,017	\$63,017
300 Total Liabilities	\$120,443	\$3,373	\$34,871	\$158,687	\$158,687
508.1 Invested In Capital Assets, Net of Related Debt	\$2,674,856	\$2,492	\$0	\$2,677,348	\$2,677,348
509.2 Fund Balance Reserved					
511.2 Unreserved, Designated Fund Balance					
511.1 Restricted Net Assets	\$0	\$0	\$0	\$0	\$0
512.1 Unrestricted Net Assets	\$628,394	\$0	\$0	\$628,394	\$628,394
512.2 Unreserved, Undesignated Fund Balance					
513 Total Equity/Net Assets	\$3,303,250	\$2,492	\$0	\$3,305,742	\$3,305,742
600 Total Liabilities and Equity/Net Assets	\$3,423,693	\$5,865	\$34,871	\$3,464,429	\$3,464,429

HOUSING AUTHORITY OF THE CITY OF JENNINGS
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2010

LA 118 Audited/A-133

	Project Total	14.870 Resident Opportunity and Supportive Services	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
70300 Net Tenant Rental Revenue	\$382,292	\$0	\$0	\$382,292	\$382,292
70400 Tenant Revenue - Other	\$9,308	\$0	\$0	\$9,308	\$9,308
70500 Total Tenant Revenue	\$391,600	\$0	\$0	\$391,600	\$391,600
70600 HUD PHA Operating Grants	\$313,139	\$71,072	\$13,560	\$397,771	\$397,771
70610 Capital Grants	\$219,808		\$317,476	\$537,284	\$537,284
70800 Other Government Grants	\$0	\$0	\$0	\$0	\$0
71100 Investment Income - Unrestricted	\$7,600	\$0	\$0	\$7,600	\$7,600
71400 Fraud Recovery	\$0	\$0	\$0	\$0	\$0
71500 Other Revenue	\$80,910	\$0	\$0	\$80,910	\$80,910
71600 Gain or Loss on Sale of Capital Assets	\$5,651	\$0	\$0	\$5,651	\$5,651
72000 Investment Income - Restricted	\$0	\$0	\$0	\$0	\$0
70000 Total Revenue	\$1,018,708	\$71,072	\$331,036	\$1,420,816	\$1,420,816
91100 Administrative Salaries	\$131,217		\$0	\$131,217	\$131,217
91200 Auditing Fees	\$12,250	\$0	\$0	\$12,250	\$12,250
91400 Advertising and Marketing	\$3,397	\$0	\$0	\$3,397	\$3,397
91500 Employee Benefit contributions - Administrative	\$59,491		\$0	\$59,491	\$59,491
91600 Office Expenses	\$31,725	\$0	\$0	\$31,725	\$31,725
91700 Legal Expense	\$0	\$0	\$0	\$0	\$0
91800 Travel	\$3,423		\$0	\$3,423	\$3,423
91900 Other	\$3,861		\$2,208	\$6,069	\$6,069
91000 Total Operating - Administrative	\$245,364	\$0	\$2,208	\$247,572	\$247,572
92000 Asset Management Fee	\$0	\$0	\$0	\$0	\$0
92100 Tenant Services - Salaries	\$29,688	\$21,469	\$0	\$51,157	\$51,157
92200 Relocation Costs	\$0	\$0	\$0	\$0	\$0
92300 Employee Benefit Contributions - Tenant Services	\$13,220	\$10,569	\$0	\$23,789	\$23,789
92400 Tenant Services - Other	\$2,378	\$37,634	\$0	\$40,012	\$40,012
92500 Total Tenant Services	\$45,286	\$69,672	\$0	\$114,958	\$114,958
93100 Water	\$16,549	\$0	\$0	\$16,549	\$16,549
93200 Electricity	\$8,247	\$0	\$0	\$8,247	\$8,247
93300 Gas	\$1,578	\$0	\$0	\$1,578	\$1,578
93400 Fuel	\$0	\$0	\$0	\$0	\$0
93000 Total Utilities	\$26,374	\$0	\$0	\$26,374	\$26,374

HOUSING AUTHORITY OF THE CITY OF JENNINGS
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2010

LA 118 Audited/A-133

	Project Total	14,870 Resident Opportunity and Supportive Services	14,885 Formula Capital Fund Stimulus Grant	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor	\$83,813	\$0		\$83,813	\$83,813
94200 Ordinary Maintenance and Operations - Materials and Other	\$49,611	\$0	\$11,352	\$60,963	\$60,963
94300 Ordinary Maintenance and Operations Contracts	\$65,576			\$65,576	\$65,576
94500 Employee Benefit Contributions - Ordinary Maintenance	\$37,457	\$0	\$0	\$37,457	\$37,457
94000 Total Maintenance	\$236,457	\$0	\$11,352	\$247,809	\$247,809
96110 Property Insurance	\$46,879	\$0	\$0	\$46,879	\$46,879
96120 Liability Insurance	\$2,111	\$0		\$2,111	\$2,111
96130 Workmen's Compensation	\$11,942	\$0	\$0	\$11,942	\$11,942
96140 All Other Insurance	\$5,511	\$0	\$0	\$5,511	\$5,511
96100 Total Insurance Premiums	\$66,443	\$0	\$0	\$66,443	\$66,443
96200 Other General Expenses	\$976	\$0	\$0	\$976	\$976
96210 Compensated Absences	\$62,239	\$0	\$0	\$62,239	\$62,239
96300 Payments in Lieu of Taxes	\$35,709	\$0	\$0	\$35,709	\$35,709
96400 Bad debt - Tenant Rents	\$1,236	\$0	\$0	\$1,236	\$1,236
96000 Total Other General Expenses	\$100,160	\$0	\$0	\$100,160	\$100,160
96900 Total Operating Expenses	\$720,084	\$69,672	\$13,560	\$803,316	\$803,316
97000 Excess of Operating Revenue over Operating Expenses	\$298,624	\$1,400	\$317,476	\$617,500	\$617,500
97400 Depreciation Expense	\$304,779	\$737	\$0	\$305,516	\$305,516
97500 Fraud Losses	\$0	\$0	\$0	\$0	\$0
97800 Dwelling Units Rent Expense	\$0	\$0	\$0	\$0	\$0
90000 Total Expenses	\$1,024,863	\$70,409	\$13,560	\$1,108,832	\$1,108,832
10010 Operating Transfer In	\$0	\$0	\$0	\$0	\$0
10020 Operating transfer Out	\$0	\$0	\$0	\$0	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$6,155)	\$663	\$317,476	\$311,984	\$311,984
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$2,991,929	\$1,829	\$0	\$2,993,758	\$2,993,758
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$317,476		(\$317,476)	\$0	\$0
11050 Changes in Compensated Absence Balance					

HOUSING AUTHORITY OF THE CITY OF JENNINGS
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED MARCH 31, 2010

LA 118 Audited/A-133

	Project Total	14.870 Resident Opportunity and Supportive Services	14.885 Formula Capital Fund Stimulus Grant	Subtotal	Total
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					
11180 Housing Assistance Payments Equity					
11190 Unit Months Available	1858	0	0	1858	1858
11210 Number of Unit Months Leased	1847	0	0	1847	1847
11270 Excess Cash	\$623,664			\$623,664	\$623,664
11610 Land Purchases	\$0			\$0	\$0
11620 Building Purchases	\$486,901			\$486,901	\$486,901
11630 Furniture & Equipment - Dwelling Purchases	\$4,376			\$4,376	\$4,376
11640 Furniture & Equipment - Administrative Purchases	\$35,705			\$35,705	\$35,705
11650 Leasehold Improvements Purchases	\$33,242			\$33,242	\$33,242
11660 Infrastructure Purchases	\$0			\$0	\$0
13510 CFFP Debt Service Payments	\$0			\$0	\$0
13901 Replacement Housing Factor Funds	\$0			\$0	\$0

Housing Authority of the City of Jennings

**SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
For the Year Ended March 31, 2010**

The members of the Board of Commissioners serve without compensation.

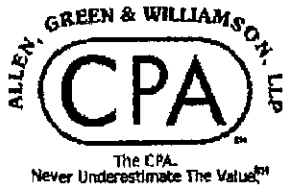
Joe Serrin, Chairman

Donald Francis, Vice Chairman

Allen Achane

Cheryl Hebert

Janet Jones



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4884

Toll-free: (888) 741-0205

www.allengreencpa.com

Tim Green, CPA
Margie Williamson, CPA
Amy Tynes, CPA

Aimee Buchanan, CPA
Rachel Davis, CPA
Diane Ferschoff, CPA
Joshua Legg, CPA
Brian McBride, CPA
Jannicia Mercer, CPA
Cindy Thomason, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Commissioners
Housing Authority of the City of Jennings
Jennings, Louisiana

We have audited the financial statements of the Housing Authority of the City of Jennings, Louisiana as of and for the year ended March 31, 2010, and have issued our report thereon dated September 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

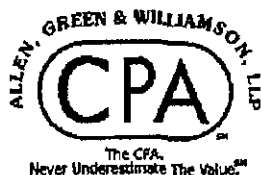
As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 30, 2010



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Phone: (318) 388-4422
Fax: (318) 388-4684

Toll-free: (888) 741-0205
www.allengreencpa.com

Tim Green, CPA
Marge Williamson, CPA
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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Housing Authority of the City of Jennings
Jennings, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Jennings, with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended March 31, 2010. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended March 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 10-F1 and 10-F2.

Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration on internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 10-F1 and 10-F2. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Housing Authority's response to the finding identified in our audit is described in the accompanying corrective action plan for current year findings and questioned costs. We did not audit the Housing Authority's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
September 30, 2010

**Housing Authority of the City of Jennings
Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2010**

FEDERAL GRANTOR/ PASS -THROUGH GRANTOR/PROGRAM NAME	CFDA NUMBER	GRANT ID NUMBER	PROGRAM EXPENDITURES
U. S. DEPT. OF HOUSING AND URBAN DEVELOPMENT DIRECT PROGRAMS			
Low Rent Public Housing	14.850	LA118 OFND	\$ 307,633
Capital Fund Cluster:			
Capital Fund Program	14.872	LA48P118501-08, LA48P118501-09	225,314
Capital Fund Program - ARRA - Formula	14.885	LA48S118501-09	331,036
Total Capital Fund Cluster			<u>556,350</u>
Resident Opportunity and Support Services	14.870	LA118REL055A007	<u>71,072</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS (U.S. DEPT OF HUD)			<u>\$ 935,055</u>

Housing Authority of the City of Jennings
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended March 31, 2010

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority of the City of Jennings, Jennings, Louisiana (the "Housing Authority"). The Housing Authority reporting entity is defined in note 1(A) to the Housing Authority's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in note 1(C) to the Housing Authority's basic financial statements.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's basic financial statements as follows:

	<u>Federal Sources</u>
Enterprise funds:	
Governmental operating grants	\$397,771
Capital contributions	<u>537,284</u>
Total	<u>\$935,055</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - MAJOR FEDERAL AWARDS PROGRAMS The dollar threshold of \$300,000 was used to distinguish between Type A and Type B federal programs. For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. The entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

**Housing Authority of the City of Jennings
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2010**

PART III- Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):

Reference # and title: **10-F1** **Waiting List**

Federal program and specific federal award identification: This finding relates to the Public and Indian Housing program, CFDA # 14.850 for Federal Award Year 2010 received from Federal Agency: Department of Housing and Urban Development.

Criteria or specific requirement: Applicants on the waiting list should be selected in order of their position on the waiting list. Applicants high on the waiting list should be offered the opportunity to move in before applicants lower on the waiting list than them.

Also, all move-ins should be selected from the waiting list, unless there is a documented reason showing why they were chosen ahead of others.

The waiting list should be purged on an annual basis. This serves to clear out old applicants, who have not responded or are no longer interested in the services offered by the Housing Authority.

Condition found: The Housing Authority does not print out waiting list on a monthly basis nor were there any printed waiting list for the audited year; therefore it was undetermined if the Housing Authority is adding applicants to the waiting list according to their policy as well undetermined if applicants were being selected in the correct order

Proper perspective for judging the prevalence and consequences: The Housing Authority did not print waiting list reports and therefore the auditor was unable to test the special test and provision compliance requirement related to the waiting list.

Possible asserted effect (cause and effect):

Cause: The Housing Authority did not have printed waiting list. The waiting list system is a real time system, in which the Housing Authority could not go back and print reports.

Effect: The Housing Authority may not be meeting all federal requirements regarding the applicant selection and waiting list.

Recommendations to prevent future occurrences: The Housing Authority should print waiting list at least monthly in order to determine if applicants are being added to and selected from the waiting list correctly.

Reference # and title: **10-F2** **HUD Report 60002**

Federal program & specific federal award identification: This finding relates to the Public and Indian Housing, CFDA# 14.850, for Federal Award Year 2010 received from Federal Agency: Department of Housing and Urban Development.

Criteria or specific requirement: Under special reporting requirements 24 CFR sections 135.3 (a) and 135.90, HUD requires each Public and Indian Housing grant that is involved in development, operating, or

**Housing Authority of the City of Jennings
Schedule of Findings and Questioned Costs
For the Year Ended March 31, 2010**

PART III- Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):

modernization assistance to submit HUD form 60002 relating to Section 3 economic opportunities for low- and very low- income persons.

Condition found: It was noted that the HUD form 60002 for the Public Housing program was not completed correctly. The Housing Authority spent money on non-construction contracts in which according to their documentation included funds for Section 3 individuals; however, the report submitted to HUD did not reflect this information.

Proper perspective for judging the prevalence and consequences: The Housing Authority did not include all relevant information on the HUD form and therefore did not meet all reporting requirements in relation to the HUD form 60002.

Possible asserted effect (cause and effect):

Cause: The audit was unable to determine the cause.

Effect: The Housing Authority did not meet all federal requirements related to reporting.

Recommendations to prevent future occurrences: The Housing Authority should ensure that all employees over the federal programs are well trained and familiar with federal reporting requirements. The Housing Authority should double check the form before submission to ensure all information is accurate.

Housing Authority of the City of Jennings

OTHER INFORMATION

**Housing Authority of the City of Jennings
Summary Schedule of Prior Year Audit Findings
March 30, 2010**

Reference # and title: **09-F1** **HUD Report 60002**

Date of Origination: This finding originated fiscal year end March 31, 2009.

Condition: Under special reporting requirements 24 CFR sections 135.3(a) and 135.90, HUD requires each Housing Authority to submit Form HUD 60002 for grants involving development, operating, or modernization assistance. The form is to be submitted on a calendar year basis and received by HUD no later than January 10th of the following calendar year. The submission should include both construction and non-construction contract information.

The Housing Authority submitted the report at the end of their fiscal year and not at the end of a calendar year thus resulting in late submission. In addition, the only contract information reported was for construction contracts – no professional contracts or other non-construction contracts were reported.

Corrective action taken: The Housing Authority issued the correct HUD form 60002 for the Capital Fund Cluster, yet did not report it correctly for the Low Rent Housing Program. See current year finding 10-F2.

**Housing Authority of the City of Jennings
Corrective Action Plan For Current Year Findings and Questioned Costs
For the Year Ended March 31, 2010**

Reference # and title: **10-F1** **Waiting List**

Federal program and specific federal award identification: This finding relates to the Public and Indian Housing program, CFDA #14.850 for Federal Award Year 2010 received from Federal Agency: Department of Housing and Urban Development.

Condition: Applicants on the waiting list should be selected in order of their position on the waiting list. Applicants high on the waiting list should be offered the opportunity to move in before applicants lower on the waiting list than them.

Also, all move-ins should be selected from the waiting list, unless there is a documented reason showing why they were chosen ahead of others.

The waiting list should be purged on an annual basis. This serves to clear out old applicants, who have not responded or are no longer interested in the services offered by the Housing Authority.

The Housing Authority does not print out waiting list on a monthly basis nor were there any printed waiting list for the audited year; therefore it was undetermined if the Housing Authority is adding applicants to the waiting list according to their policy as well undetermined if applicants were being selected in the correct order.

Corrective action planned: Effective immediately, the Jennings Housing Authority will print the waiting list monthly in order to ensure that applicants are being added to and selected from the waiting list correctly.

Person responsible for corrective action:

Mr. David Fontenot, Executive Director
Housing Authority of the City of Jennings
P. O. Box 921
Jennings, LA 70546

Telephone: (337) 824-5642
Fax: (337) 824-5649

Anticipated completion date: Immediately.

Reference # and title: **10-F2** **HUD Report 60002**

Federal program & specific federal award identification: This finding relates to the Public and Indian Housing, CFDA #14.850, for Federal Award Year 2010 received from Federal Agency: Department of Housing and Urban Development.

Condition: Under special reporting requirements 24 CFR sections 135.3 (a) and 135.90, HUD requires each Public and Indian Housing grant that is involved in development, operating, or modernization assistance to submit HUD form 60002 relating to Section 3 economic opportunities for low- and very low- income persons.

It was noted that the HUD form 60002 for the Public Housing program was not completed correctly. The Housing Authority spent money on non-construction contracts in which according to their documentation included funds for Section 3 individuals; however, the report submitted to HUD did not reflect this information.

**Housing Authority of the City of Jennings
Corrective Action Plan For Current Year Findings and Questioned Costs
For the Year Ended March 31, 2010**

Corrective action planned: Effective immediately, the Jennings Housing Authority will ensure that all employees responsible for the completion of HUD form 60002 are well trained and familiar with the federal reporting requirements. The HUD form 60002 will be double checked for accuracy before submission.

Person responsible for corrective action:

Mr. David Fontenot, Executive Director
Housing Authority of the City of Jennings
P. O. Box 921
Jennings, LA 70546

Telephone: (337) 824-5642
Fax: (337) 824-5649

Anticipated completion date: Immediately.

**Housing Authority of the City of Jennings
Status of Prior Year Management Letter Item
March 30, 2010**

09-M1

Calculations for Determining Income for Residents

Comment: A test of resident files was performed to determine if the rents collected appeared reasonable. During the test it was determined that food stamp income was not reflected on the HUD form 50058 even though it is not a part of the income calculation, and one resident's income was calculated incorrectly based upon information in the file, which resulted in approximately \$11 difference a month. There was also one resident's file that did not have social security cards on all family members.

Recommendation: Care should be taken in calculating income. Furthermore, the Housing Authority should review files to ensure all members have appropriate documentation as well as the HUD form 50058 is complete and accurate.

Management's action taken: Files were reviewed and double checked to ensure all appropriate documentation was present in the tenant file. Rent calculations were double checked to ensure correct rent amounts. This item is considered to be cleared.